

What is a Financial Plan

A Financial Plan provides a “road map” for where the City wants to go financially and its plans to get there by combining financial forecasting with financial strategizing. The underlying goal being that the plan can be used as a tool to identify problems, opportunities, and provide an avenue for the City Commission, citizens and staff to discuss policy.

The Financial Plan will guide the City Commission toward:

- How the City government spends money
- What activities are funded
- How the City government pays for its activities
- How much revenue does it raise through different kinds of taxes, fees for services, or aid from the State and Federal governments
- Balancing the City’s budget

The City runs surpluses when revenues are greater than spending. Conversely, gaps are projected when spending is expected to exceed revenues. The City can raise revenues or cut spending to balance its budget. Sometimes, however, the City has used a surplus in one year to close a gap in a future year.

Why do we need a Financial Plan?

A Financial Plan is needed as a communication aide to citizens, staff and rating agencies. When the City Commission and staff receive questions from constituents, the Financial Plan will: i) help provide an answer, ii) provide documentation to support the answer and iii) provide consistency. The purpose of the financial plan is to evaluate current and future fiscal conditions to guide policy and programmatic decisions.

What are the Elements of a Financial Plan?

The elements of a financial plan can be broken down into four major phases:

1. The mobilization phase puts in place the cornerstones for financial planning: resources needed to undertake planning, preliminary financial analysis, definition of the underlying purpose of the planning process, the City’s service-level preferences, financial policies, and define the scope for the planning effort.
2. The analysis phase focuses on the City’s financial position, making long-term projections, and then analyzing the City’s probable future financial position.
3. The decision phase is where strategies, plans, and adjustments are created and agreed upon.
4. The execution phase carries the plan forward into action.

Who Benefits From Having a Financial Plan

Several groups benefit directly from seeing that the City of Newton has a Financial Plan:

- **Citizens:** Effective financial stewardship enhances the quality of life for a community, increasing the desirability of the community as a place to live.
- **City Commission:** Financial plans offer guidance to new Commission members with the City’s finances. The plan also serves as an ongoing context for Commission decisions, thereby providing consistency and quality control.
- **Potential Businesses/Industries:** Financial Plans increase the desirability of the community as a place to locate.
- **Department Heads & Staff:** Knowing that the City’s financial future is a priority with the Commission allows staff to focus on effective service delivery.

Fund Balances

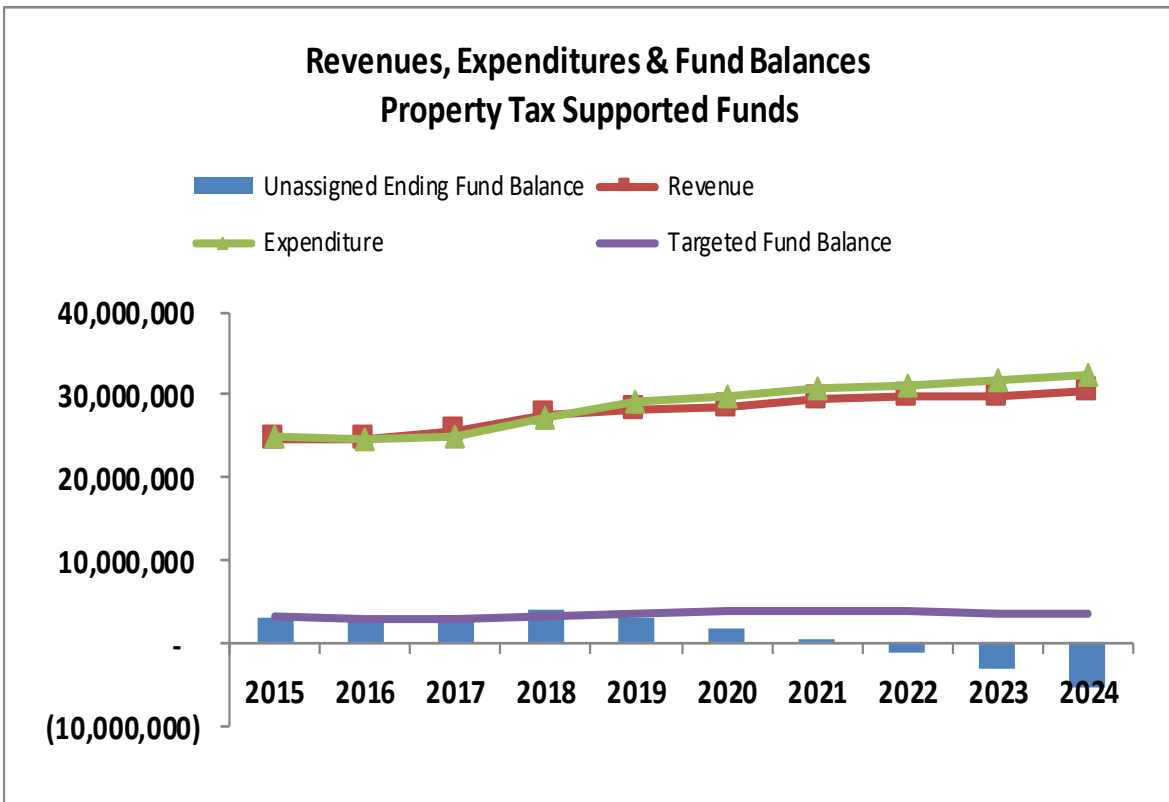
A number of funds in the financial plan are projected to decrease their fund balances below the minimum requirements. The revenues and expenditure assumptions do not take into account actions that the City Commission will take to ensure that this does not occur during any operating budget year.

Forecasting Methodology

The City uses a variety of forecasting methods to develop a five-year revenue and expenditure plan. A combination of time regression; moving average; autoregressive, integrated moving average, and most recent observed actual value were taken into consideration while forecasting. The plan incorporates operating and capital budget data to determine the availability of resources to fund anticipated (and unanticipated) expenditures. A special approach was used to project Ad Valorem Property Tax. First, City Assessed Valuation is projected using a trend regression. Then an estimate of the Mill Levy to arrive at an estimated property tax levy for the year. Then the historical collection rates are calculated.

This financial plan has two sections:

- 1. Property Tax Supported Operations (General Fund, Debt Service Fund, Airport Fund, Library Fund and Special Liability Fund).
- 2. Enterprise Fund Operations (Water, Wastewater, Sanitation, Golf Course and Meridian Center).



Financial Plan 2019 - 2024										
City Wide Property Tax Supported Funds										
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	BUDGET	PROJECTED	PROJECTED	PROJECTED	PROJECTED
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Beginning Balance	3,259,235	2,743,809	2,702,610	3,538,530	4,167,849	3,151,988	1,853,603	451,598	(1,116,483)	(3,028,740)
OPERATING REVENUE										
Taxes										
Property Tax	5,953,469	5,991,221	6,562,836	7,175,244	7,308,399	7,528,330	8,306,206	8,393,636	8,483,489	8,577,862
Motor Vehicle Tax	785,948	802,199	801,830	908,829	913,540	958,549	975,968	997,135	1,018,331	1,040,107
Local Sales Tax	2,035,864	2,020,257	2,008,262	1,974,671	2,048,427	2,050,000	2,101,250	2,153,781	2,207,626	2,262,816
Local Sales Tax - Special	3,086,918	3,189,371	3,153,541	3,059,715	3,248,147	3,200,000	3,280,000	3,362,000	3,446,050	3,532,201
Franchise Tax	1,533,036	1,549,594	1,392,243	1,643,458	1,550,000	1,600,000	1,616,000	1,632,160	1,648,482	1,664,966
Other Taxes	719,110	702,699	693,320	269,861	85,097	79,354	74,724	74,891	75,374	75,765
Total Taxes	14,114,345	14,255,341	14,612,032	15,031,778	15,153,610	15,416,233	16,354,148	16,613,603	16,879,352	17,153,718
Intergovernmental Revenue	119,697	123,770	252,548	218,290	202,000	53,000	53,000	53,000	53,000	53,000
License & Permits	218,416	188,896	268,271	211,192	199,250	203,550	201,972	204,443	206,322	208,044
Charges for Services	1,500,191	1,747,264	1,970,579	1,812,218	1,824,240	1,844,240	1,871,051	1,887,607	1,796,695	1,813,954
Fines, Penalties & Forfeitures	627,514	435,154	393,727	454,224	500,000	500,000	500,000	500,000	500,000	500,000
Use of Money	8,474	31,622	157,592	386,454	200,500	404,500	414,613	424,978	435,602	446,492
Other Revenue	477,365	478,426	483,250	509,684	502,050	502,050	502,050	504,050	508,095	512,685
Sales & Rental	1,282,260	1,313,478	1,410,016	1,291,609	1,438,900	1,510,763	1,518,388	1,532,546	1,546,986	1,561,716
Charges & Other Revenues	10,062	8,449	7,469	14,222	9,000	9,000	10,053	9,656	9,751	9,870
Special Receipts	1,226,695	1,241,825	1,160,992	1,292,360	1,227,110	1,116,949	1,108,105	1,020,393	1,020,506	1,020,019
Transfer In	4,997,224	4,914,423	4,991,397	6,467,413	6,975,719	6,914,262	6,993,440	6,941,595	6,989,662	7,064,566
Total Operating Revenue	24,582,243	24,738,648	25,707,873	27,689,444	28,232,379	28,474,547	29,526,819	29,691,870	29,945,971	30,344,063
OPERATING EXPENDITURES										
Personal Services	11,938,535	11,946,383	11,959,870	13,579,855	15,321,976	15,255,380	15,754,777	16,251,511	16,772,541	17,309,013
Contractual Services										
Bond & Interest Payments	3,171,965	4,375,588	4,719,716	4,697,338	4,602,065	4,949,880	5,628,391	5,392,766	5,376,576	5,411,874
Other Contractual Services	2,392,745	2,497,983	2,210,494	2,681,304	2,962,409	3,035,381	3,075,286	3,116,308	3,159,046	3,202,637
Total Contractual Services	5,564,710	6,873,571	6,930,210	7,378,642	7,564,474	7,985,261	8,703,677	8,509,074	8,535,622	8,614,511
Commodities & Supplies	1,499,394	1,398,531	1,468,925	1,492,864	1,644,438	1,647,300	1,696,013	1,727,694	1,760,005	1,792,959
Vehicle Operating	429,183	451,429	426,282	492,602	540,743	547,943	556,967	567,591	578,417	589,450
Capital Outlays	118,985	103,008	115,340	154,458	78,200	80,600	66,669	67,350	68,044	68,752
Transfer Out	5,344,551	3,908,711	4,023,007	4,032,859	4,098,409	4,256,448	4,150,721	4,136,732	4,143,598	4,156,093
Total Operating Expenditures	24,895,358	24,681,633	24,923,634	27,131,280	29,248,240	29,772,932	30,928,824	31,259,951	31,858,228	32,530,778
Ending Balance	2,946,120	2,800,824	3,486,849	4,096,694	3,151,988	1,853,603	451,598	(1,116,483)	(3,028,740)	(5,215,454)
City Assessed Valuation	118,486,778	118,596,219	119,803,769	120,329,442	122,956,830	125,107,474	126,324,744	127,677,552	129,068,497	130,525,011
Mill Levy	52.096	52.091	57.121	60.326	62.509	62.509	62.509	62.509	62.509	62.509



REVENUE ANALYSIS

The City of Newton collects revenues from a variety of sources. The discussion on revenue projections will focus on nine (9) distinct revenue sources.

1. Property Tax
2. Transfer In
3. Original 1% Local Sales & Use Tax
4. Additional 1% Local Sales & Use Tax
5. Charges for Services
6. Sales & Rental
7. Franchise Tax
8. Special Receipts
9. Motor Vehicle Tax

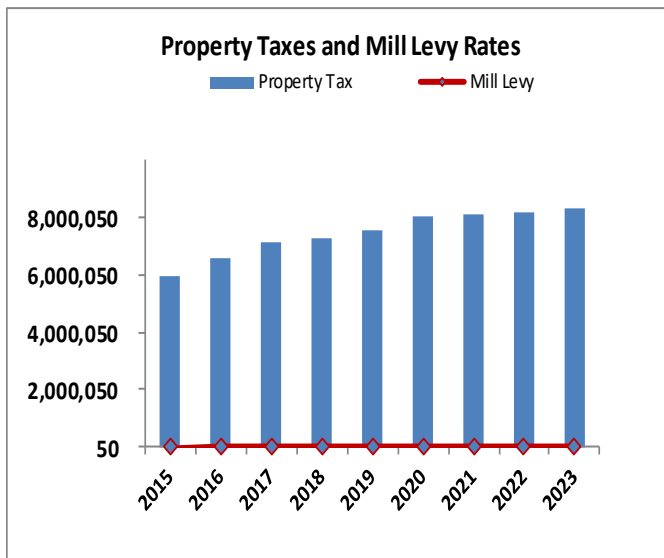
Property Tax

Property tax is the largest revenue source for property tax-supported funds. The General Fund receives 69.4% of all property taxes collected by the City. These revenues are used to fund the majority of City services that are not able to self-finance their operations. 20.8% of property tax revenue is allocated for debt service and 8.4% is designated for funding the library operation budget.

Property Tax Supported Funds Revenues		
	2020 Budget	% of Total
Property Tax	7,528,330	26.4%
Transfer In	6,914,262	24.3%
Additional Local Sales & Use Tax	3,200,000	11.2%
Original Local Sales & Use Tax	2,050,000	7.2%
Charges for Services Revenue	1,844,240	6.5%
Sales & Rental Revenue	1,510,763	5.3%
Franchise Tax Revenue	1,600,000	5.6%
Special Receipts Revenue	1,116,949	3.9%
Motor Vehicle Tax Revenue	958,549	3.4%
Other Tax Revenue	79,354	0.3%
Fines, Penalties & Forfeitures	500,000	1.8%
Other Revenue	502,050	1.8%
License & Permits Revenue	203,550	0.7%
Intergovernmental Revenue	53,000	0.2%
Uses of Money	404,500	1.4%
Charges & Other Revenues	9,000	0.0%
	28,474,547	100%

The 2020 mill levy will be 62.509. This is same mill levy as 2019. Property tax projections take into account:

- Property tax increase in future periods as % of CPI;
- Increase in assessed valuation as result of assessment values and increase in construction activity.



Transfer In

Transfer In reflects funds transferred within funds and from other funds. Items included are transfers into the General Fund for capital improvement reserves and transfers from the enterprise funds (solid waste, wastewater & water). The Enterprise Fund transfers are to account for citywide administrative support for those operations. Additional transfers include transfers from the Special Highway Fund.



Projected Transfer In revenue is based on the following assumption: to maintain the current transfer levels and schedules.

Original 1% Local Sales & Use Tax

This is one of the two local sales taxes levied in Harvey County for a total of 2%. The tax combines sales and use tax. Sales tax is paid on purchases made within Harvey County while the local use tax is paid on tangible personal property purchased from other states and used, stored, or consumed in Kansas where no sales tax was paid. The City receives a share of the 1% local sales assessed in Harvey County. The distribution formula is based on the City’s population. Currently the City’s share is 42.99%. In 2011, the State of Kansas increased the Statewide sales tax from 5.3% to 6.3%. In 2013, the State lowered the Statewide sales tax to 6.15%.

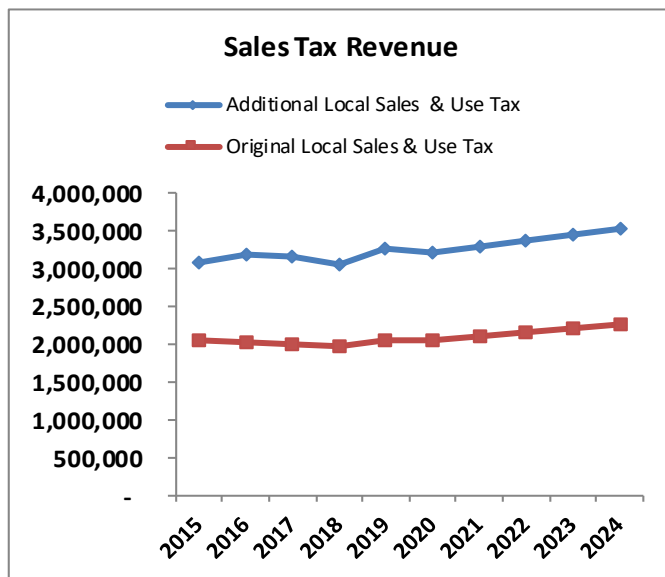
Additional 1% Local Sales & Use Tax

In 2006 the voters of Harvey County approved an additional 1% sales & use tax. The purpose of the sales tax was to provide property tax relief to citizens. Based on a predetermined distribution formula partly associated with the population and points of sale, the City of Newton received 66.25% of sales tax collected in Harvey County in 2019.

Projections for both sales and use tax revenues are based on:

City	Distribution of Original 1% Sales Tax
Burrton	1.8787%
Halstead	5.0698%
Hesston	7.8929%
Newton	42.9922%
North Newton	3.5747%
Sedgwick	3.3870%
Walton	0.4918%
Harvey Unincorporated	34.7129%
	100.00%

City	Distribution of Additional 1% Sales Tax
Burrton	1.5056%
Halstead	4.0631%
Hesston	6.3256%
Newton	66.2540%
North Newton	2.8649%
Sedgwick	2.7144%
Walton	0.3941%
Harvey Unincorporated	15.8783%
	100.000%



- Increase in taxable retail sales
- Increase in population of the City leading to an increased share of distribution
- Sales tax rate remaining the same during the planning period

Charges for Services

Charges for Services include fees the City charges for use of its services. Some of the fees the City charges include ambulance fees, administrative fees, building inspection fees, cemetery services, engineering services, rural ambulance services and rural fire services. Some



of these services are paid directly by the recipients of services and some, such as ambulance service fees, are paid by third parties such as Medicare/Medicaid and health insurance companies. The City also contracts with other jurisdictions for services.

Projections for charges for service revenues are based on:

- Revising fee schedules
- Increased billing and collection activity
- Increased volume of services offered

Sales & Rental

Sales and rental revenue is mostly generated from the operations of the City-County Airport. The largest share of this revenue is from sale of aviation fuel at the airport and the lease of buildings at the airport facility. There are several hangars at the facility that are leased to private entities.

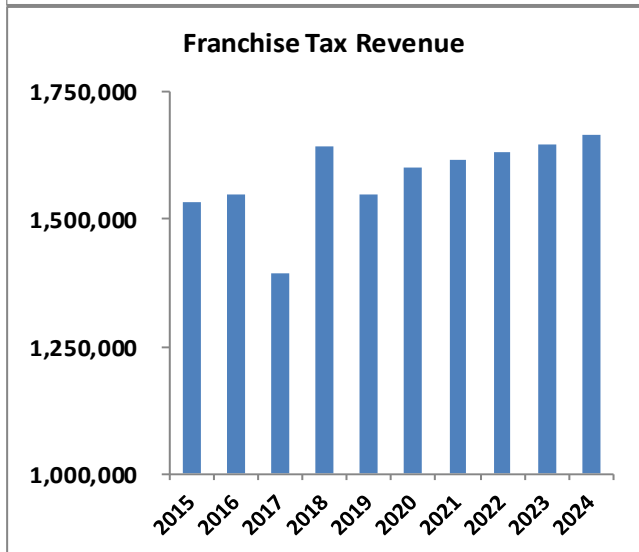
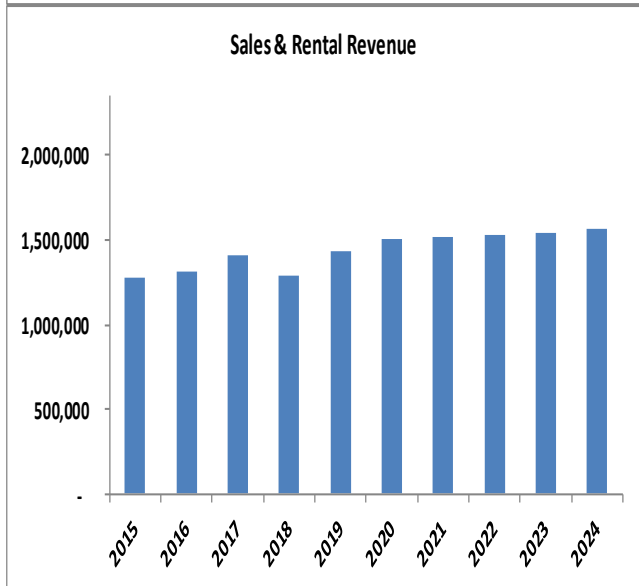
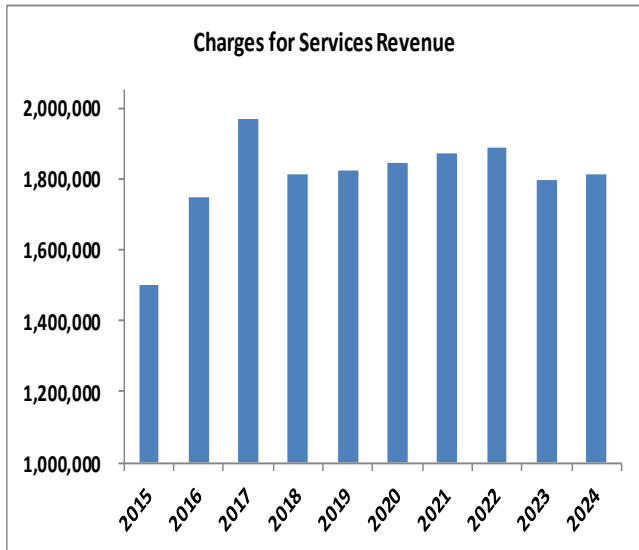
Projections for sales & rental revenues are based on:

- Increase in volume and services offered

Franchise Tax

Cities charge a franchise fee whenever public easements and rights-of-way are used for private business. Franchise fees are calculated as a percentage of each company’s total utility revenues. The City has franchise requirements for cable television, telecommunications, electric power utility services and the transportation, distribution and sale of natural gas. These apply to the extent they utilize the public rights of way for their systems. The major authorized franchisees are:

- Cox Communications (cable TV) – under a State franchise
- Westar Energy
- Kansas Gas Service
- Southwestern Bell



Additionally, the City requires that any natural gas reseller operating in the City through someone else's transportation lines or distribution system and any telecommunication provider or reseller operating in the City must also have a franchise license.

Special Receipts

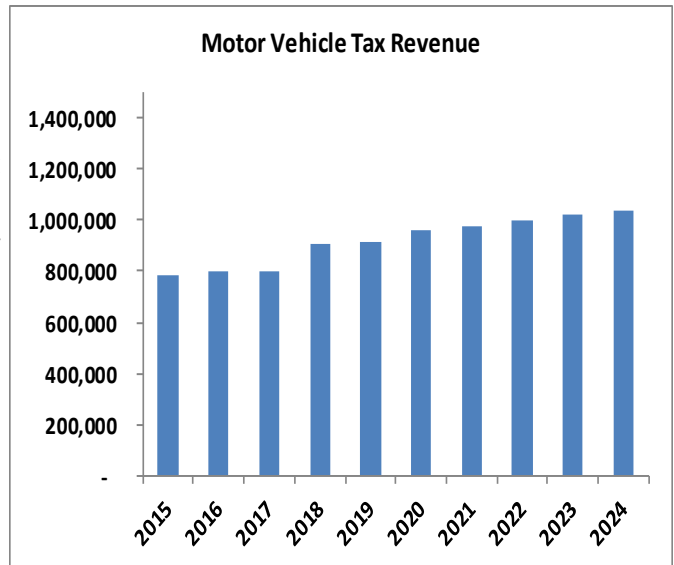
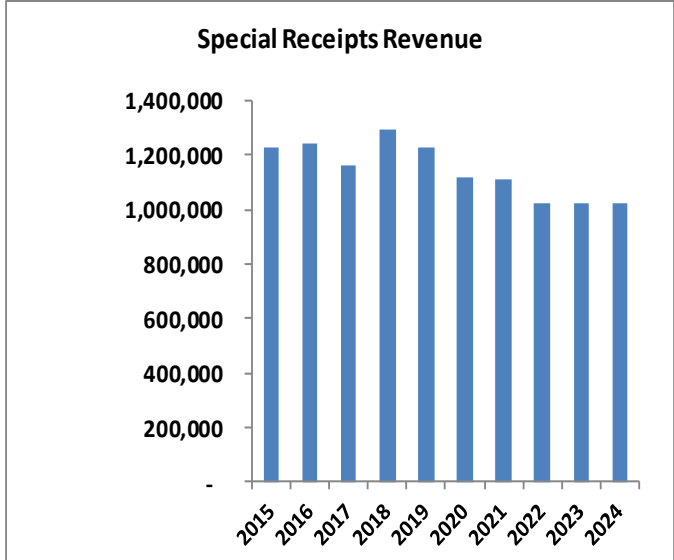
Special receipts are revenues related to the issues of bonds for project financing. The largest component of special receipts are special assessments. A Special Assessment is a fee collected by the City for improvements to new housing additions. Typically the improvements are for water, sewer and street developments. The revenue collected from special assessments is used to repay debt incurred to make these improvements.

Motor Vehicle Tax

All motor vehicles subject to taxation are classified into 20 vehicle classes based on their value. The tax rate is based on the average county-wide mill levy, which is defined as the amount of general property taxes levied within the County by all taxing authorities. The distribution of the taxes is based on the residency of the owner and the ratio of levied taxes by the taxing authority to the total taxes levied.

EXPENDITURE ANALYSIS

Budgeted Expenditures Property Tax Supported Funds		
	2020 Budget	% of Total
Personal Services	15,255,380	51%
Contractual Services	7,985,261	27%
Commodities & Supplies	1,647,300	6%
Vehicle Operating	547,943	2%
Capital Outlay	80,600	0%
Transfer Out	4,256,448	14%
	29,772,932	100%



Budgeted expenditures are grouped into 6 expenditures categories. Personnel Services, Contractual Services, Commodities & Supplies, Vehicle Operating, Capital Outlay & Transfer Out.

Personnel services is the largest expenditure category, accounting for 51% of property tax-supported expenditure. Contractual services is the second-largest expenditure category, accounting for 27% of property tax-supported expenditure. The General Fund accounts for 75% of property tax-supported expenditures while the Debt Service Fund accounts for 17% of property tax supported expenditures.

Personnel Services

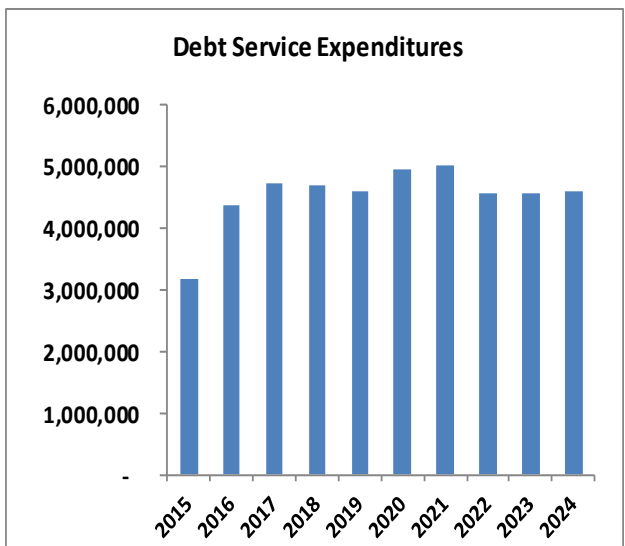
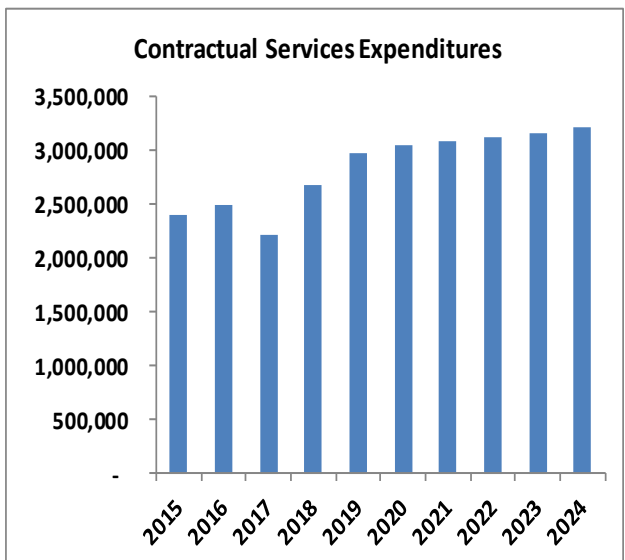
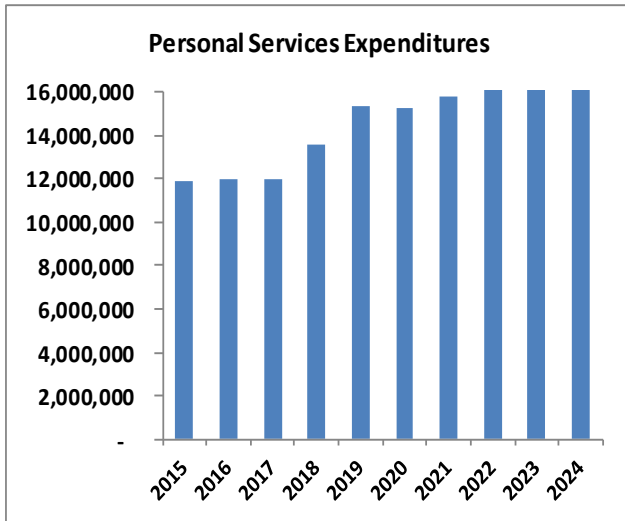
Most of these costs are for full-time personnel, with the remainder being temporary help costs. All employee benefits, including Social Security, Medicare, pension, health and dental insurance, worker’s compensation, etc., are included in Personnel Services. The City offers a health insurance plan for eligible employees. City health plan costs continue to rise, but have been under national percentage increases. The City periodically reviews the plan providers to assess their competitiveness in the current market. The personnel services projections usually include an annual 2.5% step increase for eligible employees. However, in 2017 and 2018, the step increases were eliminated to conserve fund balance. The step increases were included in the 2019 budget and beyond.

Contractual Services

Contractual services include services purchased and delivered by external entities. Included in this category are payments of debt service. The debt service projection has been split to provide a better understanding of the City’s cost of debt issuance. Large capital improvement projects for the City of Newton normally require long term financing through municipal bonds. It has been City policy to divide bond issues into ten, fifteen, and twenty-year final maturities based upon the expected useful life of the financed project. This enables the life of the asset to match the term of financing. The practical application of this policy has resulted in most issues being “front loaded.” Therefore, annual principal and interest payments are declining over time. This allows the primary financial burden of a project to be borne in its early years rather than deferring a financial burden to future taxpayers.

Commodities & Supplies

Commodities & Supplies include purchases of tangible items and tools required for effective day to day operation. Items under this category are typically not long term. The largest single expenditure item in



this category is aviation fuel. The Airport purchases aviation fuel for resale. The decrease in spending on fuel is the result of airport tenants who are also fuel customers exercising their right to self fuel.

The price of fuel continues to be the major influence on the expenditure and revenue projections.

Vehicle Operating

Vehicle operating accounts for expenditures related to the operations of City vehicles. The Departments with the largest vehicle operating expense in the property tax supported funds are Fire, Police, Street and Parks. Future projections are based on price inflation and as vehicles age, the cost of operating them typically increases.

Capital Outlay

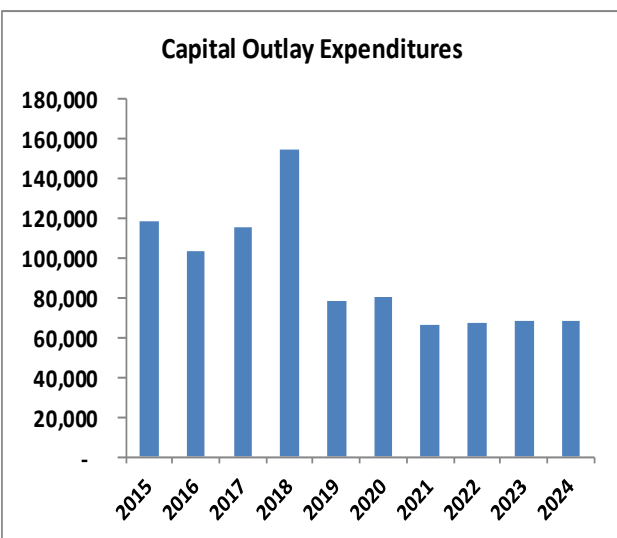
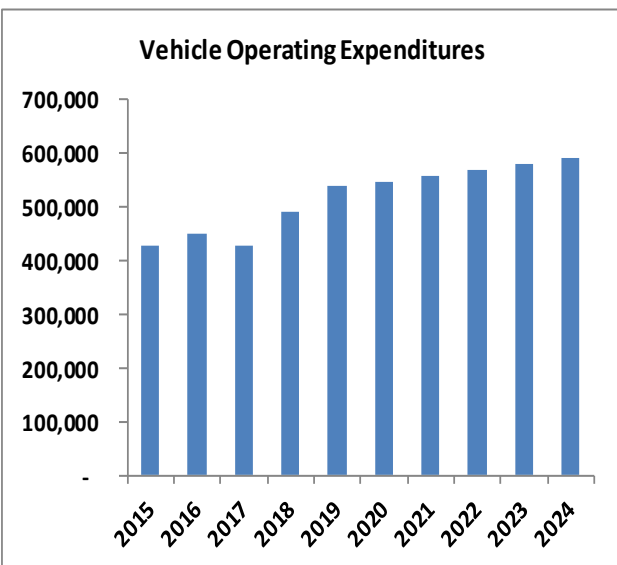
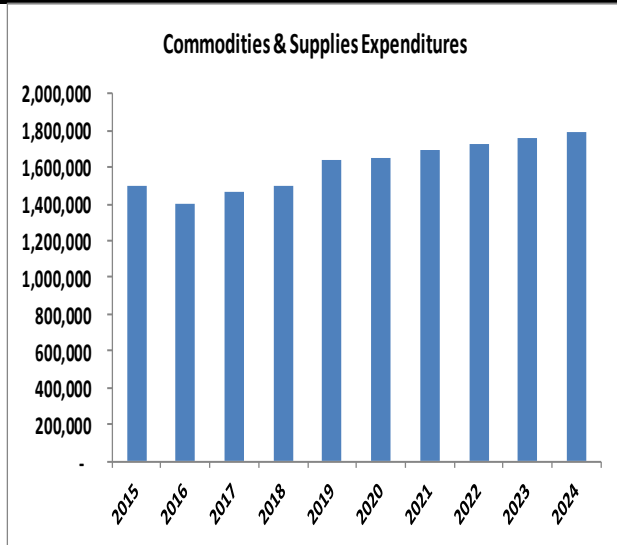
Capital outlay are expenses that add a fixed asset to the City. Purchases are normally considered a capital outlay if they benefit the City for more than one year. The City has an aggressive equipment reserve program. Most capital outlays are purchased through the equipment reserve programs. When an item is bought, the City determines the lifespan of that item and then sets aside funds each year for the life of the equipment and pays cash for its replacement. This allows the City to pay cash for most items rather than finance them.

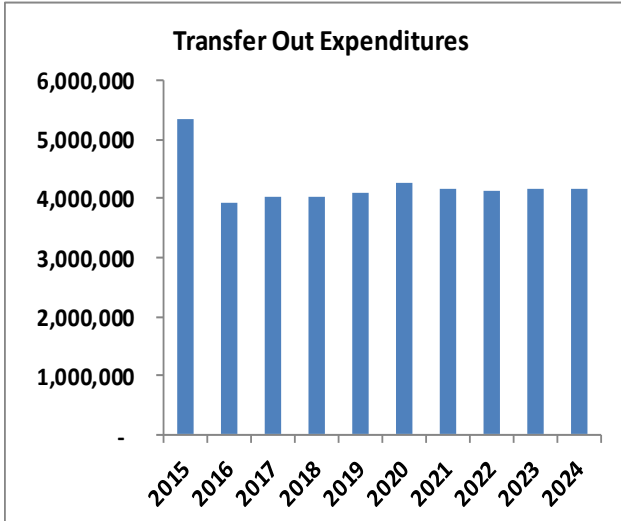
Transfer Out

Within statutory limits, the City is allowed to transfer funding from property tax-supported funds to other funds to finance equipment purchases and other capital improvements. Transfers are typically scheduled. The most common transfer is the transfer to the equipment reserve.

SUMMARY BY PROPERTY TAX FUNDS

The following section will provide a brief discussion of each property tax-supported fund included in the Financial Plan, outline current and future fund balance projections, and discuss major fiscal





challenges anticipated to impact the fund over the planning period.

General Fund

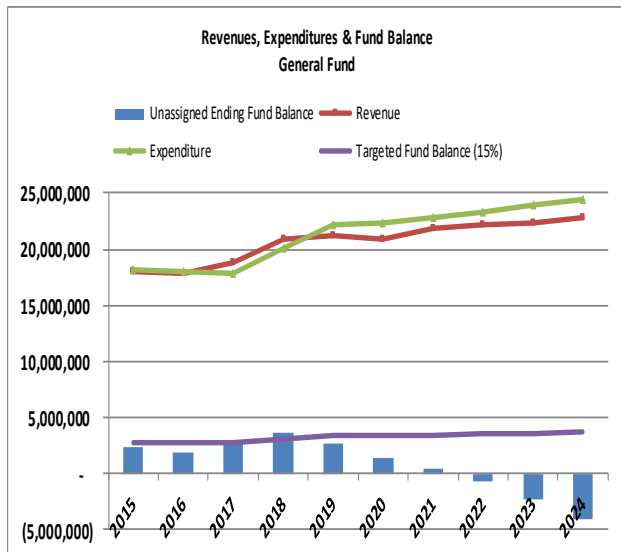
The City’s fund balance policy requires the General Fund to maintain a minimum balance equal to 15 percent of actual expenditures. Currently, the fund has built a balance exceeding this amount, but the fund is projected to fall below the minimum balance requirement, and policy decisions will need to be made during the planning period.

Major fiscal challenges:

- Absorbing over the next several years the

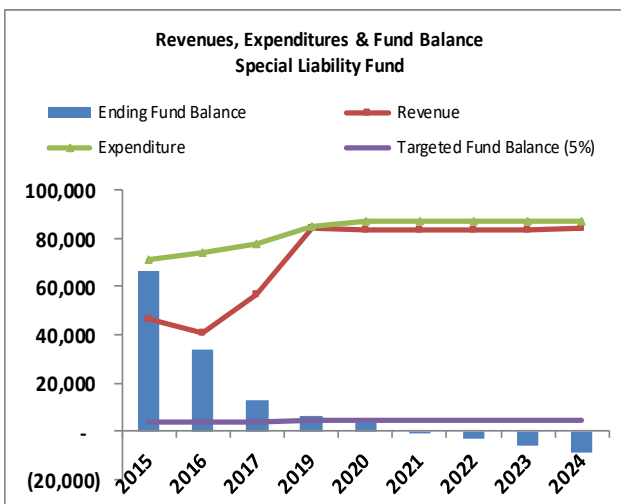
impact of economic conditions on various key revenues, such as property taxes and retail sales tax and investment income.

- Maintaining current services and/or service levels as the availability of funding diminishes due to the economic environment.
- Limitations in the ability to address unplanned and emergency funding needs when they arise as the fund balances decline.



Special Liability Fund

Kansas Statutes allow municipalities to establish a special fund to meet the costs for the defense of the City and its employees in lieu of paying these costs out of the General Fund or other existing funds of the municipality. Governing bodies may create and establish a special liability expense fund for the payment of such costs and may place in this fund any



moneys received by the municipality from any source whatsoever which may be lawfully utilized for such purpose including the proceeds of tax levies.

Major fiscal challenges:

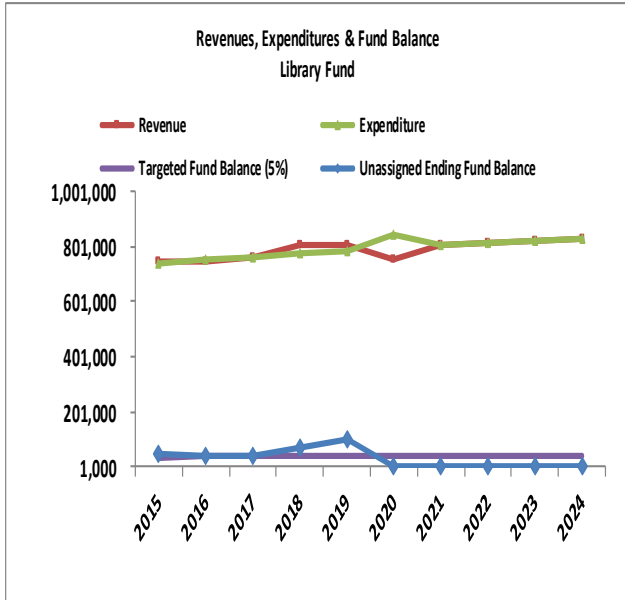
- The impact of the assessed valuation on property tax revenues.
- Projecting the financing needs of the fund remains a challenge.

Library Fund

The Newton Public Library, although a separate legal entity, is governed by a Board, the appointees of which are approved by the City Commission. The Library is not a separate taxing entity under State Statutes and the City levies taxes for the library operation, which represent a significant portion of its total revenues.

Major fiscal challenges:

- The impact of the assessed valuation on property tax revenues.
- The library facility needs more space in order to continue to provide needed library services. Financing these needs remains a challenge.

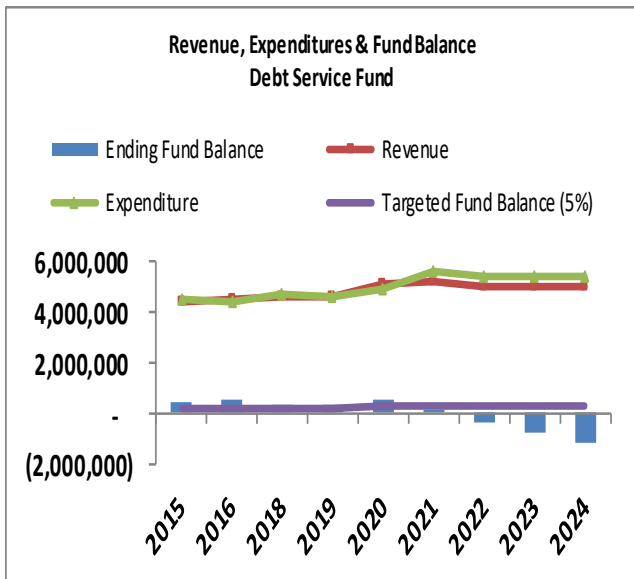


Debt Service Fund

Large capital improvements projects for the City of Newton require long-term financing through municipal bonds. The Bond and Interest Funds (Debt Service Fund) provides for the retirement of General Obligation, Public Building Commission (PBC) revenue bonds and special assessment bonds of the City of Newton. Each year, the City levies taxes that, together with special assessments credited to this Fund, are sufficient to pay the principal and interest payments due throughout the year.

Major fiscal challenges:

- The impact of the assessed valuation on property tax revenues.
- The State of Kansas places strict limits on the amount of debt cities can incur in the course of improving capital infrastructure. As the City seeks to grow, so do the capital and infrastructure needs to meet that growth. The City continues to aggressively seek alternative sources of financing capital infrastructure.

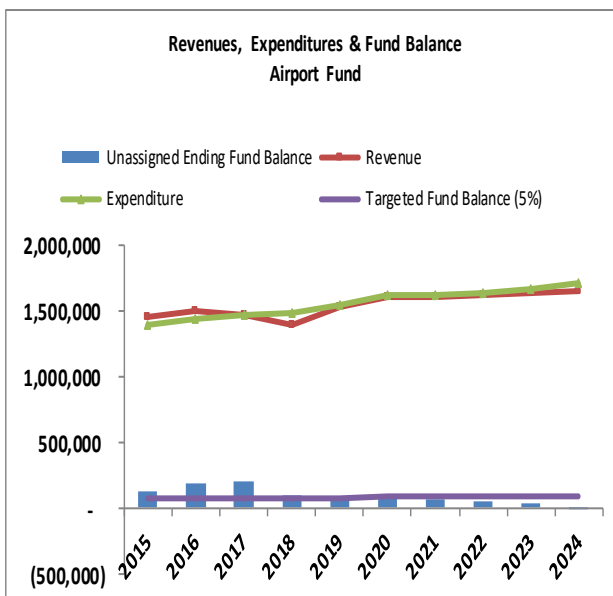


Airport Fund

The Newton City-County Airport is a vital asset to the community. Jointly owned by the City of Newton and Harvey County, the Airport is operated by the City. The facility is a reliever airport for Wichita Eisenhower National, thus allowing for infusion of federal funds over the years for a 7,000-foot, lighted runway, crosswind runway, and various automated services for handling flights. Industrial rental buildings, fuel sales, and tax revenues form the basis of financial support for the facility. Starting in 2020, approximately \$180,000 in combined City and County taxes goes toward the Airport operations.

Major fiscal challenges:

- The impact of the assessed valuation on property tax revenues.
- Fuel sales revenue, a major source of revenue, remains volatile with the ever-changing market and fuel prices.
- Ensuring the facilities at the airport remain rented is a challenge. The City finances the development of the facilities and passes on the debt services in terms of rent payments. When the facilities are vacant, the City incurs the debt payment costs.
- Ongoing maintenance costs for each hangar.



ENTERPRISE FUNDS ANALYSIS

The City owns and operates the Water, Wastewater, Sanitation utilities; the Golf Course and the Meridian Conference Center. These are the essential elements of the City’s enterprise funds. The enterprise funds give the City the flexibility to account separately for all financial activities associated with a broad range of these operations. Establishing a separate accounting and financial reporting system. Revenues and expenses of the service are segregated into these funds with financial statements separated from all other governmental activities.

Why Adopt an Enterprise Fund

A community may account for certain services in the General Fund, special revenue or enterprise fund. Advantages of an enterprise fund include that it:

- Identifies a total service cost: Consolidating direct operating, direct capital, and indirect costs helps a community to readily identify a total service cost and determine funding sources. The total service cost may also include a subsidy from the General or other fund or a reimbursement from the enterprise fund to other funds for subsidized costs.
- Provides useful management information: Consolidating revenues, expenses and operating performance of the fund provides a community with useful decision-making information regarding user charges and fees and a subsidy if necessary. The community can also include the enterprise fixed assets and infrastructure as assets and recognize the annual depreciation of these assets in audited financial statements.

WATER FUND

Newton has been blessed with high-quality supplies of groundwater from the Equus Beds aquifer, and the water requires very little treatment.

Newton is the sole supplier of potable water to City residents and businesses. In addition, Newton is a partner in Public Wholesale Water Supply District No. 17 along with three other municipalities. This includes six wells which are pumped to the Water Plant and treated, the water is then distributed to these neighboring communities under separate contract with each municipality.

The entire water production system is generally in sound condition. Through regular maintenance, we are ensuring proper distribution and treatment of the city's water supply.

FINANCIAL PLAN 2019-2023										
Water Fund										
	Actual				Budget		Projected			
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Beginning Fund Balance	3,184,218	2,521,723	2,559,854	2,930,766	2,429,468	1,733,036	647,811	(352,044)	(1,518,342)	(2,817,850)
Waterworks Revenue	4,838,983	4,588,611	4,697,702	4,879,300	4,824,300	4,683,200	4,730,032	4,777,332	4,825,106	4,873,357
Other Revenue	52,544	23,857	28,101	32,000	31,800	31,800	32,436	33,085	33,746	34,421
Total	4,891,527	4,612,468	4,725,803	4,911,300	4,856,100	4,715,000	4,762,468	4,810,417	4,858,852	4,907,778
Waterworks Admin/Billing										
Personal Services	951,842	891,463	777,225	471,982	517,928	567,672	596,056	625,858	657,151	690,009
Contractual Services	557,459	625,540	561,961	663,927	428,750	436,250	444,582	453,074	461,728	470,547
Commodities & Supplies	12,206	12,971	7,347	37,400	16,750	18,050	18,395	18,746	19,104	19,469
Vehicle Operating	9,941	11,151	11,629	-	21,000	21,000	21,401	21,810	22,226	22,651
Capital Outlay	-	-	-	5,000	-	-	-	5,000	-	5,000
Transfer Out	2,526,238	1,410,194	1,407,366	2,268,328	2,563,810	2,671,069	2,561,143	2,674,815	2,761,875	2,803,167
Total	4,057,686	2,951,319	2,765,528	3,446,637	3,548,238	3,714,041	3,641,577	3,799,303	3,922,084	4,010,842
Waterworks Distribution/Transmission										
Personal Services	442,379	460,054	457,967	469,289	486,337	486,561	510,889	536,434	563,255	591,418
Contractual Services	392,145	331,186	354,487	412,140	429,340	454,390	463,069	471,913	480,927	490,113
Commodities & Supplies	5,579	12,384	3,637	33,000	14,500	15,600	15,898	16,202	16,511	16,826
Vehicle Operating	26,872	23,266	29,775	21,000	36,000	39,000	39,745	40,504	41,278	42,066
Capital Outlay	10,500	-	-	20,000	20,000	20,000	15,000	15,000	15,000	15,000
Transfer Out	136,922	123,556	140,256	155,800	157,815	160,015	160,015	160,015	160,015	160,015
Total	1,014,397	950,446	986,122	1,111,229	1,143,992	1,175,566	1,204,616	1,240,068	1,276,986	1,315,438
Waterworks Production										
Personal Services	164,057	164,882	169,231	185,385	193,439	200,755	210,793	221,332	232,399	244,019
Contractual Services	373,872	301,452	329,970	414,050	429,000	471,500	480,506	489,683	499,036	508,568
Commodities & Supplies	61,309	63,344	59,887	52,800	76,400	76,900	78,369	79,866	81,391	82,946
Vehicle Operating	11,577	10,141	8,189	39,000	15,000	15,000	15,000	15,000	15,000	15,000
Capital Outlay	74,865	15,660	-	65,000	65,000	65,000	50,000	50,000	50,000	50,000
Transfer Out	37,102	42,035	54,535	81,266	81,463	81,463	81,463	81,463	81,463	81,463
Total	722,782	597,514	621,812	837,501	860,302	910,618	916,130	937,344	959,289	981,995
Total Expenditure	5,794,865	4,499,279	4,373,462	5,395,367	5,552,532	5,800,225	5,762,323	5,976,715	6,158,360	6,308,276
Ending Unencum. Fund Balance	2,521,723	2,559,854	2,930,766	2,429,468	1,733,036	647,811	(352,044)	(1,518,342)	(2,817,850)	(4,218,348)



The Water Fund is a self-supporting enterprise fund established to provide residents and businesses with uninterrupted water supply and services. In addition to the maintenance of existing lines, the Fund provides for major capital projects such as line extension and lift station construction. Debt service for the water utility, as well as operational expenses are expected to be financed with water revenue.

Major fiscal challenges:

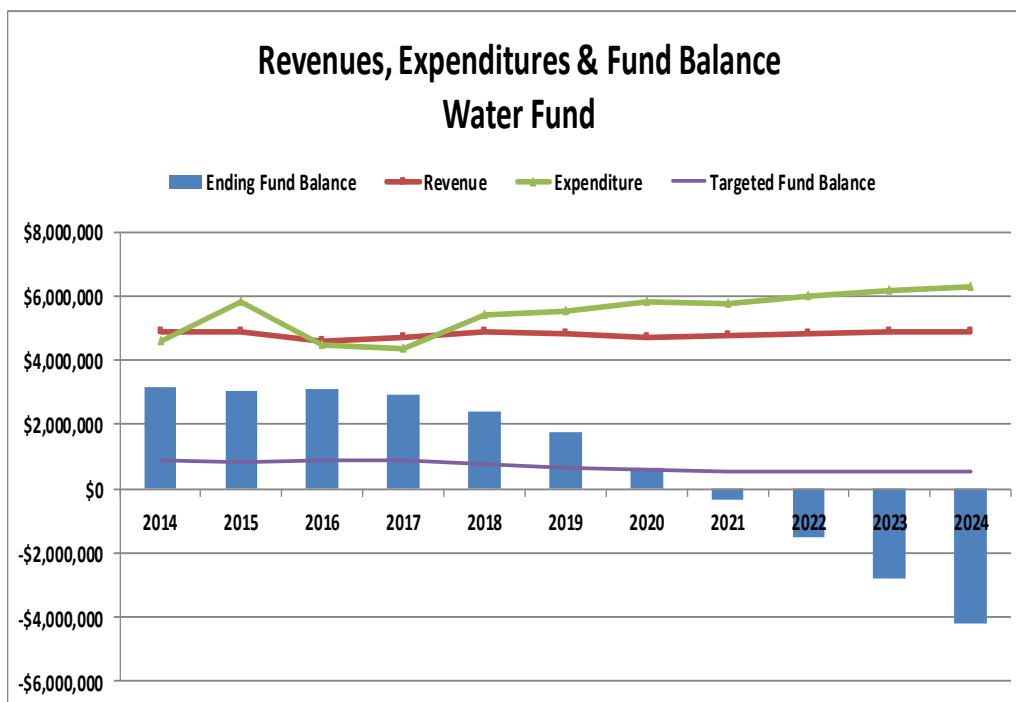
- Maintaining required debt coverage while keeping services affordable to citizens
- Keeping up with the rising costs of operational commodities and supplies
- Compliance with increased unfunded State mandates on water quality and water treatment
- Maintaining and upgrading dilapidated infrastructure

Water Fund Revenue Analysis

The primary source of revenue for the water fund is user fees. The Fund is self-supporting and therefore is required to generate sufficient revenue to meet its operating expenses.

Water Fund Expenditure Analysis

Operationally, the Water Utility is divided into three sections. Water Administration & Billing, Water Distribution & Transmission and Water Production. Personnel and Transfers account for 72% of total expenditures. Because City staff from other departments support and provide oversight to the utility, the personnel expenditures also account for indirect support provided to the utility by other non-utility staff. Transfer Out expenditures include transfers to the Water Bond & Interest Fund for debt service, transfer for equipment replacement and transfers to the General Fund.



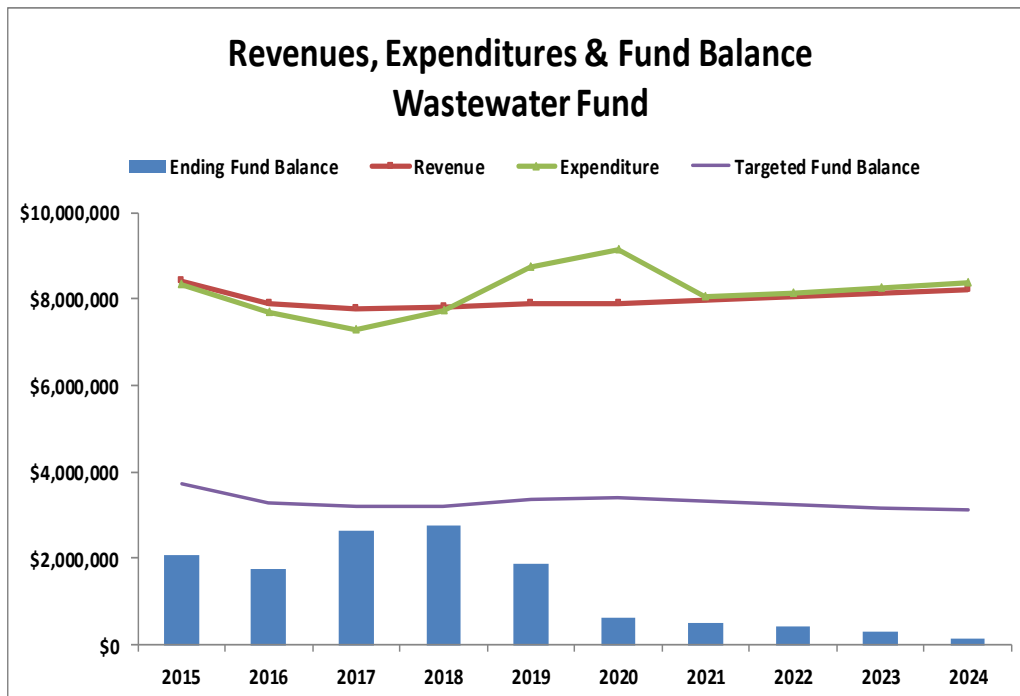
WASTEWATER FUND

Newton owns and operates a regional wastewater treatment plant licensed by the Kansas Department of Health and Environment. In the fall of 2016, Newton completed one of the largest capital projects in recent memory; upgrades to equipment and technology at the wastewater treatment plant. Final project costs came in at \$20.2 million, a \$4 million savings from the projected costs. The wastewater plant was in need of major improvements for three reasons: 1) growth in the community, 2) aging and deteriorating infrastructure, and 3) additional state and federal environmental regulations.

The Wastewater Fund is a self-supporting enterprise fund established to provide residents and businesses with wastewater treatment and sewer services. In addition to the maintenance of existing lines, the fund provides for major capital projects such as line extension and lift station construction. Debt service for the wastewater utility, as well as operational expenses, is expected to be financed with wastewater revenue.

Major fiscal challenges:

- Maintaining required debt coverage while keeping services affordable to citizens
- Keeping up with the rising costs of operational commodities and supplies
- Complies with increased unfunded State mandates on quality wastewater treatment



Wastewater Fund Revenue Analysis

Similar to the Water Fund, the primary source of revenue for the Wastewater Fund is user fees. The Fund is self-supporting and therefore is required to generate sufficient revenue to meet its operating expenses. In 2014, the City Commission adopted a new fee to pay the principal and interest payments for the wastewater plant upgrade. This fee is 38% of the sewer charge billed to each customer.

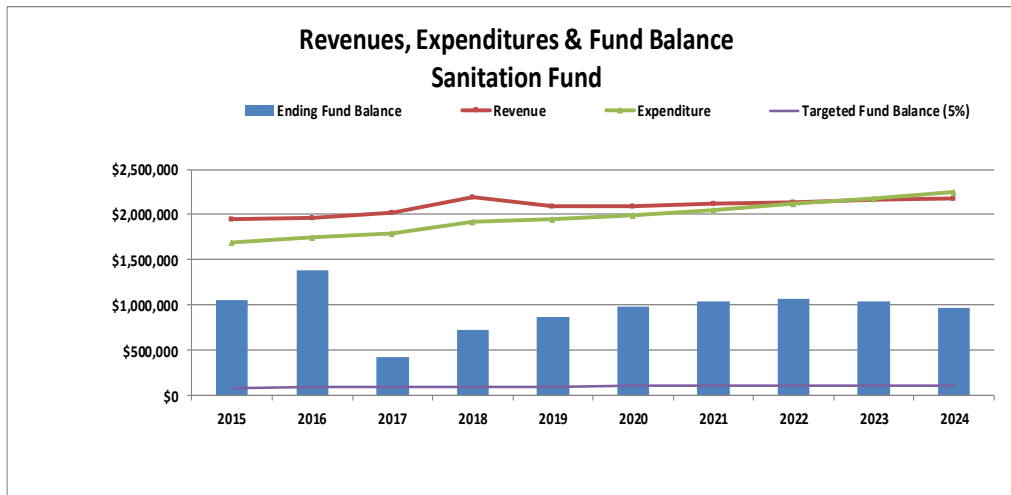
Wastewater Fund Expenditure Analysis

Operationally, the Wastewater Utility is divided into two sections. Wastewater Administration & Billing and Wastewater Plant Operations. Personnel and Transfers account for 87% of total expenditures. Because City staff from other departments support and provide oversight to the utility, the personnel expenditures also account for indirect support provided to the utility by other non-utility staff. Transfer Out expenditures include transfers to the Wastewater Bond & Interest Fund for debt service, transfer for equipment replacement and transfers to the General Fund.

FINANCIAL PLAN 2019-2024										
Wastewater Fund										
	Actual				Budget		Projected			
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Beginning Fund Balance	1,940,980	2,087,287	2,148,443	2,642,415	2,749,643	1,876,557	611,815	506,539	432,044	322,799
Wastewater Revenue	6,110,801	5,720,903	5,797,591	5,952,466	6,012,000	6,022,000	6,082,220	6,143,042	6,204,473	6,266,517
Treatment Plant Fee	2,312,647	2,160,291	1,995,609	1,854,447	1,868,000	1,868,000	1,886,680	1,905,547	1,924,602	1,943,848
Total	8,423,448	7,881,194	7,793,200	7,806,913	7,880,000	7,890,000	7,968,900	8,048,589	8,129,075	8,210,366
Wastewater Admin/Billing										
Personal Services	1,286,356	1,247,665	1,142,821	603,602	661,692	699,199	734,159	770,867	809,410	849,881
Contractual Services	581,873	667,909	559,201	276,377	350,780	372,540	379,991	387,591	395,342	402,893
Commodities & Supplies	16,686	47,346	22,490	39,825	60,750	61,050	62,271	63,516	64,787	66,024
Vehicle Operating	10,899	8,286	10,244	18,379	22,000	22,000	22,440	22,889	23,347	23,792
Capital Outlay	10,033	14,995	-	35,400	10,000	160,000	25,000	25,000	25,000	25,000
Treatment Plant Expenses	2,307,067	-	-	-	-	-	-	-	-	-
Transfer Out	3,121,023	4,656,519	4,273,020	5,286,412	5,901,913	5,982,273	4,965,042	4,939,333	4,978,867	5,032,023
Total	7,333,937	6,642,720	6,007,776	6,259,995	7,007,135	7,297,062	6,188,903	6,209,196	6,296,753	6,399,614
Wastewater Plant Operations										
Personal Services	223,731	286,373	285,244	255,009	289,239	319,426	335,397	352,167	369,776	388,264
Contractual Services	377,761	397,653	361,406	299,005	546,950	511,700	521,473	531,434	541,584	551,928
Commodities & Supplies	33,962	44,583	32,022	30,436	66,000	61,800	62,980	64,183	65,409	66,659
Vehicle Operating	15,914	11,540	21,750	26,642	37,000	35,000	35,669	36,350	37,044	37,752
Capital Outlay	2,796	-	-	-	3,000	3,000	3,000	3,000	3,000	3,000
Transfer Out	345,544	325,544	587,430	847,540	803,762	926,754	926,754	926,754	924,754	926,754
Total	999,708	1,065,693	1,287,852	1,458,632	1,745,951	1,857,680	1,885,274	1,913,888	1,941,567	1,974,357
Total Expenditure	8,333,645	7,708,413	7,295,628	7,718,627	8,753,086	9,154,742	8,074,176	8,123,084	8,238,320	8,373,971
Ending Unencum. Fund Balance	2,087,287	2,148,443	2,642,415	2,749,643	1,876,557	611,815	506,539	432,044	322,799	159,194



SANITATION FUND



The Newton Sanitation Division collects refuse and recyclable materials from residential customers in the city. Commercial service was abandoned as a separate operation, although commercial customers who can be serviced in the normal residential refuse and recycling collection process can opt for City service. Refuse is delivered to the Harvey County transfer station, where it is delivered to a landfill out of the county. Recyclables are delivered to the Harvey County Recycling Center for processing.

Sanitation Fund Revenue Analysis

The primary source of revenue for the Sanitation Fund is refuse collection fees. The Fund is self-supporting and therefore it is required to generate sufficient revenue to meet its operating expenses.

Sanitation Fund Expenditure Analysis

Personnel Services and Transfers Out account for 69% of operational expenditures. Contractual Services is the second-largest expenditure category, which accounts for 18% of operational expenditures. The largest

FINANCIAL PLAN 2019-2023										
Sanitation Fund										
	Actual				Budget		Projected			
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Beginning Fund Balance	(155,265)	61,411	263,473	424,275	723,496	873,091	976,163	1,040,407	1,063,407	1,042,625
Solid Waste	1,951,091	1,960,967	2,026,047	2,199,894	2,097,700	2,097,700	2,118,677	2,139,864	2,161,262	2,182,875
Total	1,951,091	1,960,967	2,026,047	2,199,894	2,097,700	2,097,700	2,118,677	2,139,864	2,161,262	2,182,875
Solid Waste Operations										
Personal Services	824,410	825,709	787,286	656,117	681,055	696,512	731,338	767,904	806,300	846,615
Contractual Services	407,461	409,792	398,854	439,565	339,321	361,734	368,643	375,684	382,860	390,172
Commodities & Supplies	17,182	8,667	31,224	19,585	16,785	17,136	17,463	17,797	18,137	18,483
Vehicle Operating	164,857	180,069	239,723	235,695	238,639	238,640	243,198	247,843	252,577	257,401
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Transfer Out	282,879	328,228	331,038	567,127	672,305	680,606	693,791	707,635	722,171	737,434
Total	1,696,789	1,752,465	1,788,125	1,918,089	1,948,105	1,994,628	2,054,433	2,116,864	2,182,044	2,250,105
Ending Unencum. Fund Balance	61,411	263,473	424,275	723,496	873,091	976,163	1,040,407	1,063,407	1,042,625	975,395

* Reflects audited & adjusted fund balance

component of the contractual expenditures are landfill disposal fees. The department has implemented a single-stream recycling program, and included in this financial plan is a three-year allocation plan in Capital Outlays for replacement and purchase of new recycle bins for all residential customers.

GOLF FUND

FINANCIAL PLAN 2019-2023									
Sand Creek Station Golf Course									
	Actual				Budget		Projected		
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Beginning Fund Balance	173,660	156,451	92,508	54,948	46,283	58,087	86,358	86,358	121,098
Golf Course Revenue	1,169,401	1,059,340	1,023,688	1,157,555	1,154,919	1,160,684	1,189,701	1,219,444	1,249,930
Total	1,169,401	1,059,340	1,023,688	1,157,555	1,154,919	1,160,684	1,189,701	1,219,444	1,249,930
Golf Operations									
Personal Services	592,758	550,850	529,637	582,003	590,480	598,379	610,347	622,554	635,005
Contractual Services	419,974	393,535	302,633	428,364	293,151	225,987	230,507	235,117	239,819
Commodities & Supplies	177,986	160,248	228,917	152,356	246,897	303,047	309,108	315,290	321,596
Vehicle Operating	-	-	-	-	-	-	-	-	-
Capital Outlay	-	18,717	11,986	20,000	1,333	5,000	5,000	5,000	5,000
Transfer Out	-	-	-	-	-	-	-	-	-
Total	1,190,718	1,123,350	1,073,173	1,182,723	1,143,115	1,132,413	1,154,961	1,177,960	1,201,420
Ending Unencum. Fund Balance	156,451	92,508	54,948	46,283	58,087	86,358	121,098	127,841	169,608

* Reflects audited & adjusted fund balance

The Sand Creek Station Golf Course has established a reputation as the premier golfing destination in the Greater Wichita Area, including both private and public facilities. The ability to give a great product at a very competitive rate gives the course leverage in retaining customers and building new relationships. No other golf course, including world-renowned Prairie Dunes, has hosted more competitive events over the past few years in conjunction with the Kansas Golf Association, than Sand Creek Station.

Golf Fund Revenue Analysis

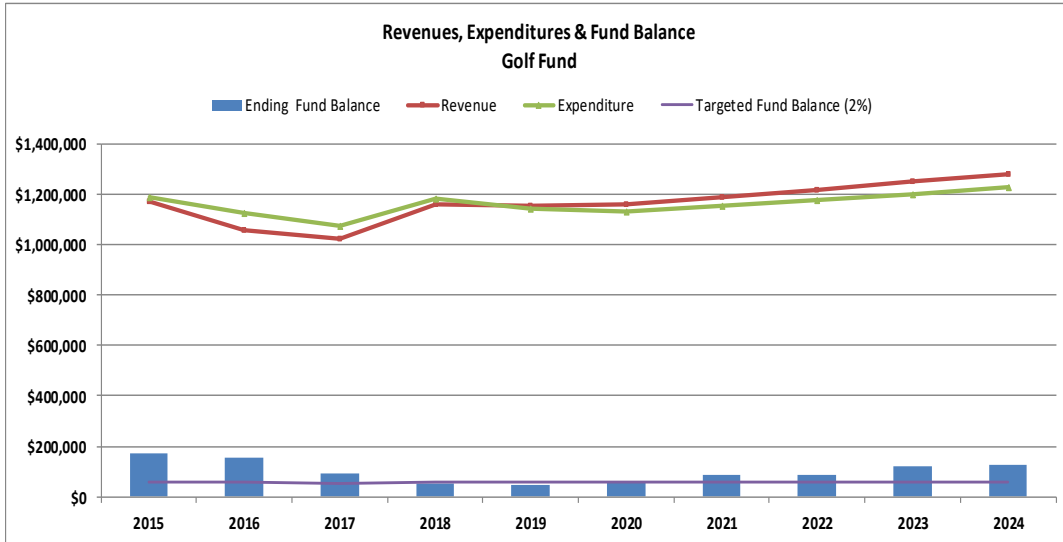
National trends in the golf industry are generally not favorable for operators of golf courses. The total number of "core" golfers is declining and total spending on golf is declining with them. However, Sand Creek continues to be honored in National Golf Foundation (NGF) Loyalty Awards. The awards are given to facilities with the highest customer satisfaction index. The awards are divided into two categories based on the price of the club's green fees. Sand Creek took top honors in the "less than \$70" category for the tenth consecutive year.

Golf Fund Expenditure Analysis

Personnel Services account for 53% of operational expenditures. Contractual Services accounts for 20% of operational expenditures. In 2019, \$600,000 was transferred from the General Fund to the Golf Fund for payment of the Bond and Interest. Although, property taxes are intended to pay these costs, the construction has lagged during the slowdown in the economy. Building is scheduled to start once again in 2019.

Golf Fund Debt Service

Debt service on the golf course and the revenue from the assessed valuation of the improvements are accounted for in the Bond & Interest Fund. Details of the debt service are discussed in the Bond & Interest section of the budget. The revenue source for the debt service is derived from the property taxes generated in the Sand Creek Station subdivision and one special assessment for infrastructure improvements.



MERIDIAN CENTER FUND

The vision of the Meridian Center is to be the premier conference and event center in the greater Newton, Kansas market and to support the overall economic development of the Newton area. The center will support both local and outside visitors with a professional experience unmatched in the Newton or Wichita markets. The vision of the center is to appeal to a variety of audiences through its ideal location, size, amenities and service offerings. The staff at the center will provide a friendly, professional and comfortable atmosphere that will enable patrons to complete successful conferences and events time and time again.

Meridian Center Fund Revenue Analysis

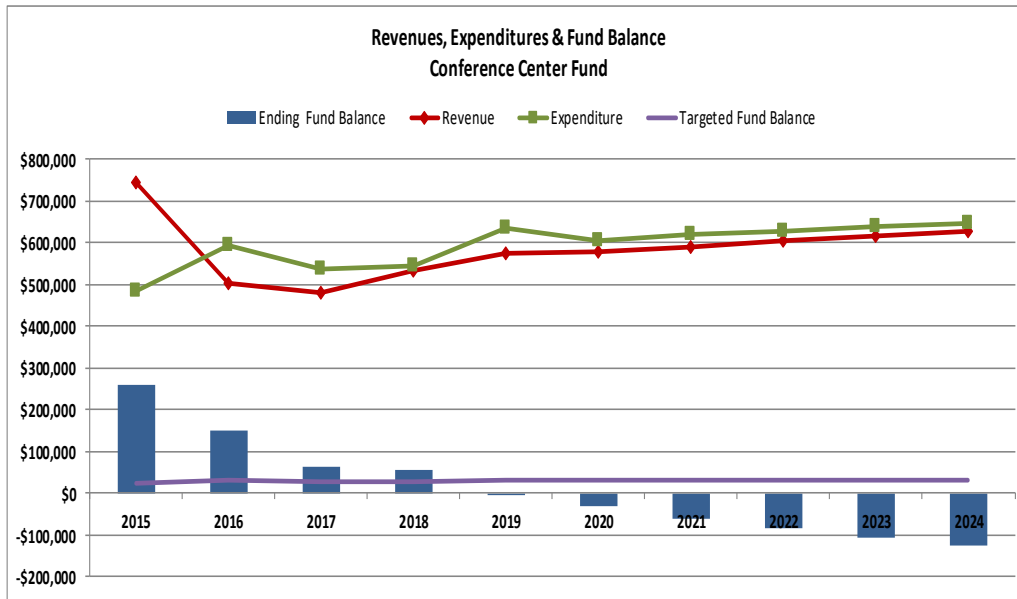
The center anticipates an increase in local real estate development with positive industrial growth in Newton. Also anticipated is growth within the Kansas Logistics Park which will increase the number of middle to upper class families in Newton. This growth will result in an influx of corporate clients to the Meridian Center. Other target groups to support the center include commercial trade associations, corporate and government entities, social, military, educational, religious and fraternal associations, sports organizations and motor coach groups, all of which exist in the greater local area and are anticipated to grow in the upcoming years.

Meridian Center Fund Expenditure Analysis

Personnel Services account for 54.2% of operational expenditures with the balance of expenditures being Contractual Services and Commodities.

Meridian Fund Debt Service

The total cost of the conference center was \$3.6 million. Its construction is being paid for by the new property tax revenues generated from the Holiday Inn Express Hotel and the other commercial lots, as well as the hotel’s total transient guest tax revenues and citywide revenues from a 1 percent increase in the guest tax that went into effect in 2008. The Conference Center is situated in a special Tax Increment Finance (TIF) district that includes a Holiday Inn Express hotel and a restaurant building.



FINANCIAL PLAN 2019-2023										
Meridian Conference Center										
	Actual				Budget		Projected			
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Beginning Fund Balance	(13,120)	259,732	149,909	62,775	53,854	(6,976)	(33,395)	(61,983)	(84,350)	(108,744)
Meridian Center Revenue	339,030	429,236	374,623	434,825	474,777	479,525	491,513	503,801	516,396	529,306
Other Revenue	29,313	560	4,337	-	-	-	-	-	-	-
Transfer In	375,000	75,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total	743,343	504,796	478,960	534,825	574,777	579,525	591,513	603,801	616,396	629,306
Meridian Center										
Personal Services	301,112	305,618	287,395	274,484	317,274	328,816	337,036	337,036	345,462	345,462
Contractual Services	183,829	208,383	181,372	169,272	240,252	198,220	202,184	206,228	210,353	214,560
Commodities & Supplies	-	69,728	70,028	101,421	78,081	78,908	80,881	82,903	84,975	87,100
Vehicle Operating	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	10,551	-	-	-	-	-	-	-	-
Transfer Out	-	-	-	-	-	-	-	-	-	-
Total	484,941	594,280	538,795	545,177	635,607	605,944	620,102	626,167	640,790	647,122
Ending Unencum. Fund Balance	259,732	149,909	62,775	53,854	(6,976)	(33,395)	(61,983)	(84,350)	(108,744)	(126,560)

* Reflects audited & adjusted fund balance

